



<input checked="" type="checkbox"/>	Master's thesis
<input type="checkbox"/>	Licentiate's thesis
<input type="checkbox"/>	Doctor's thesis

Subject	Accounting & Finance	Date	26.08.2003
Author(s)	M.Sc. (Eng.) Lasse Sinikallas	Student number	
		Number of pages	86
Title	An Analysis of Value Creation of Selected Companies 1998-2002, Case: Forest Products Industry		
Supervisor (s)	Professor Pekka Pihlanto, Senior Lecturer Tuula Vilja		

**Abstract**

The aim of the thesis was to observe whether the companies in forest products industry have been able to create value, and which companies in the industry have been most successful in value creation. The thesis approaches the problem setting through a nomothetical case-study, in which the value creation is measured by discounting return on capital employed with company dependant weighted average cost of capital. The case study includes 39 forest products industry companies throughout the world and the value creation is calculated for the period of 1998-2002. In the study, publicly available financial data of the selected companies was used as the source.

The study shows, that value is created in practice only in the Nordic forest industry companies. Compared with their North American and Japanese competitors, Nordic companies have managed to generate value significantly better. Many of the South American and Southeast Asian companies have heavy capital load, which causes them to create lower value than the industry in general. The companies from these emerging forest industry regions are though best performers, when operating profitability is measured.

In general, in the forest products industry the ability to create value has been on a weak level. Only few of the companies included in the study managed to create value during the observation period. An interesting finding is that large size of the company does not provide the company ability to achieve neither good value creation nor good operating profitability. An interesting finding was also the fact that the North American companies were in practice destroying value, even though the concept of value creation should be there strongly rooted to business culture.

Key words	Value creation, value added, forest industry, paper, pulp
Further information	